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want." On other points, however, the President was less intransigent. He said the evacuation of the remaining bases by 20 March instead of the longer six-month period proposed by Paris would permit Tunisia to start talks with a view to "establishing an alliance" and defining Bizerte's role in their common defense. Tunisia had no objection to having France use the southern air bases and keep technical personnel there.

The French press reaction to the President's address was not too unfavorable. There was a belief that the speech revealed a greater disposition on the part of Tunisia to "work out

something" concerning Bizerte than previously shown and a feeling that Bourguiba would negotiate on the basis of a withdrawal timetable. French Minister Benard thought that rejection of the internal guard teams could be overlooked by Paris if a good deal regarding Bizerte could be worked out.

Officials of the French Foreign Ministry, however, stated that Bourguiba's public discussion of confidential talks made the negotiations more difficult and made it more unlikely that a compromise could be reached after positions had been taken publicly.

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FLOODS CREATE CRITICAL ECONOMIC SITUATION IN CEYLON

Disastrous floods following in the wake of Ceylon's six-week-old strikes and subsequent work "slowdowns" have created a critical economic situation on the island. Although aid from foreign countries is arriving, it probably cannot outweigh the serious difficulties added by the floods to the labor and financial problems which resulted from the strikes.

The heavy floods which began last week have caused some 200 deaths and at least 300,000 people are homeless. Roads and communications have been largely cut off. The government on 27 December forced Colombo port into full operation after a month of inactivity following the strikes beginning on 21 November and a subsequent "slowdown" by port workers. The government also took over the largest private wharfage company, concentrating work on food ships. Bread stocks have been requisitioned. Air Ceylon planes have been commandeered to distribute food. Nearly three fourths of Ceylon's rice crop has reportedly been destroyed, which will add

seriously to the island's difficulties in obtaining sufficient rice supplies to offset the lesser amount to be received under its new trade pact with Communist China and the smaller crops being produced by traditional sources of supply.

Trade in tea, one of the island's principal export products, has been affected by both flood conditions and the port slowdown. Some 60,000 pounds were awaiting export at Colombo as of 27 December, and some small tea estates were threatening to reduce wages or suspend operations. Some strikes are still continuing.

The government's financial difficulties will increase as it becomes more difficult to pay the wage increases promised labor during the recent strikes. The government is reportedly spending about \$60,000 a day on food supplies, and its estimated costs of rehabilitation apparently come close to \$100,000,000, about one quarter in foreign exchange.

Food and medical supplies are arriving from Britain,

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Canada, India, and the United States, and it has been reported that the Burmese and Japanese diplomatic representatives in Ceylon have asked their governments for aid. The Soviet embassy has given a check for approximately \$3,000 through the Soviet Red Cross Society.

The additional problems the government must meet in terms of the provision of food and medical supplies, widespread rehabilitation schemes, and the likelihood of continuing pressure from labor and opposition political groups will further tax the government's ability to cope with the situation. 25X1

NEW THAI GOVERNMENT MAY FACE DIFFICULT PERIOD

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The government of Premier Thanom Kittikachorn may encounter difficulties as a result of Marshal Sarit's critical illness and the dissatisfaction of the new National Socialist party with certain civilian political elements associated with the ruling military group.

General Thanom, because of his clearly defined position as second in command of the military group, would seem to be in the best position to succeed Sarit as Thailand's "strong man." His power may be weakened, however, since his assumption of the premiership would probably remove him from direct command of the key First Army located in the Bangkok area. Thanom's engrossment in politics at the expense of his position within the military hierarchy would particularly benefit General Prapat, the present minister of interior, who would probably succeed him in command of the First Army. Prapat's rise has been rapid, and his ambition to become Thailand's principal leader is only thinly disguised.

As premier, Thanom can be expected to continue Thailand's pro-Western foreign policy, which for the present at least seems to have the unanimous support

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of the top echelon of the military hierarchy. Thanom is an able administrator but lacks political experience, and admits his ignorance of foreign affairs. He is smooth in handling conflicts of interest among his associates, however, and this talent may in large part compensate for his political inexperience.

Thanom's cabinet, announced on 1 January, reflects the continued dominance of the military in Thai political life. Heavily weighted in favor of the Sarit military group, its key figures will be Thanom himself, who will hold the defense portfolio in addition to the premiership, and Prapat, who will be a deputy premier and concurrently interior minister. Their ability to work together will be the prime determinant of stability in Thailand.

Of the civilian appointees, the most noteworthy is Prince Wan, who will continue as Thailand's foreign minister.

There are growing signs that the new government party may be more difficult to control than the military had expected. Although the middle-of-the-road Unionist party has apparently finally agreed

formally to join the National Socialist party, many of its members are dissatisfied with the merger and may not support the government on all issues. The government's parliamentary problems may be aggravated if it fulfills a promise to conduct by-elections next March



PRAPAT

for 26 seats in the assembly to replace present appointed members. These elections will probably help the opposition, with the conservative Democrats expected to win a sizable number of the seats at stake.

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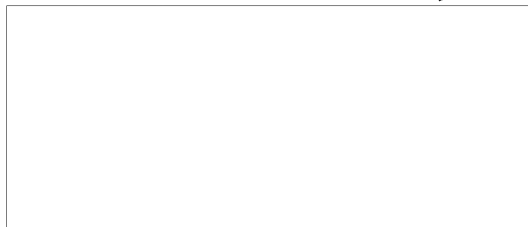
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**BRAZIL REVIEWS POLICY TOWARD SOVIET BLOC**

At the first of two scheduled meetings called to review Brazil's policy toward the Soviet bloc's new diplomatic and commercial offensive, President Kubitschek and ranking cabinet officers continued to oppose renewing diplomatic relations with the USSR but decided to study methods of increasing economic relations with the bloc "under adequate safeguards." Brazil has diplomatic relations only with Czechoslovakia and Poland, and its trade with the bloc is confined almost exclusively to these countries and Hungary.

The cabinet meeting followed public pressure for action on recent Soviet bloc overtures which the nationalist and Communist press have portrayed as a solution to Brazil's serious foreign exchange problems. In

mid-December, Brazil's attention-seeking UN delegate, Oswaldo Aranha, called for a diplomatic and commercial rapprochement with the USSR, apparently in response to Soviet party chief Khrushchev's bid for closer relations with Brazil. The press has been playing up alleged Soviet offers to supply economic development credits worth up to a billion dollars to sell jet transports to a local affiliate of Pan-American World Airways, and to provide automobiles and oil drilling equipment at give-away prices.



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[redacted] Poland and Rumania have offered to barter heavy equipment for coffee and other surplus goods.

A second special cabinet meeting is to be held in January to assess the political, economic, and propaganda aspects of the bloc drive and probably also to set up the safeguards mentioned at the first meeting.

Foreign Minister Macedo Soares hinted at one of the possible safeguards when he said on 19 December that formal trade with the USSR might be acceptable if carried out through the Bank of Brazil or responsible private banks. He warned that unsupervised private trade with the USSR might work to Brazil's disadvantage and that it might create security problems.

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PERUVIAN COMMUNISTS MAY SEEK DEAL WITH GOVERNMENT

Communists recently returned from the Leipzig congress of the WFTU brought new instructions for local Communists to cooperate with the Peruvian government, and some of President Prado's advisers are counseling him to go along with them, according to Haya de la Torre, founder and leader of Peru's widely supported leftist but non-Communist APRA party. A 20-year-old tradition of limited cooperation between Peruvian conservatives and members of the country's small Communist party strengthens the possibility that a mutually helpful relationship may develop.

Peru's conservatives, who lack a mass political following of their own, believe that Haya de la Torre's party presents the most serious threat to the established order, and that the small Peruvian Communist party--estimated at 6,000 members--offers a means of combating this threat. Consequently, they have supported Communist publications, contributed financially to the party, and encouraged Communist influence with labor.

Manuel Prado, who was a thorough-going conservative during his 1939-45 term as president, accepted Aprista support to win the presidential election of 1956, and has since cooperated more with Apristas than with Communists. As the government arbitrarily decides many worker-management disputes, its support in the labor field has resulted in material benefits for Aprista-led workers.

Communists, excluded from such benefits, have been prominent in labor unrest. The government has been unable to take action against them, however, because the outlawing of the party in Peru's constitution lacks teeth now that the civil guarantees associated with democratic government have been restored.

Business and military men--many of whom are indifferent to Peruvian Communism as such but insistent on the maintenance of order--have watched Communist-led strikes mount in severity and duration, and have complained that the Prado administration is excessively weak. Under this criticism, the

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In November, Peiping began beaming this type of propaganda to the Arab states, Iran, Afghanistan, and Turkey. From 23 to 30 October, Radio Peiping provided a special series of programs in Persian for its listeners in Afghanistan to play up the visit of Afghan Premier

Mohammad Daud to China at that time.

With the addition of these new programs, Peiping now broadcasts in 20 different languages to overseas listeners, and virtually covers the globe, with the exception of Scandinavia and the Balkans.

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MORE "RIGHTISTS" IN CHINESE COMMUNIST PARTY PURGED

Peiping has announced the expulsion from the Communist party of four leading members of the Chekiang Province party committee, bringing to 11 the number of fairly important figures accused of being "rightists." Several more persons at this level--a grade or two below the central committee--will probably be expelled or demoted in the next few weeks.

Three of the four persons purged from the party's Chekiang committee were members of that body's standing committee, and some of them may have been members of its secretariat. One of them, Sha Wen-han, was concurrently the provincial governor, and another was a vice governor. The other two held responsible legal and financial posts. The four were charged variously with supporting rightists and trying to undermine the "antirightist struggle," with belittling and seeking to discredit the provincial committee, and with plotting to bring down the committee's leadership.

Earlier in December, it was revealed that seven other officials of about the same importance had been under attack

as rightists. One is an alternate member of the party's control commission and a deputy minister of supervision. Five others are legal functionaries--a chief justice of the Supreme Court, a deputy chief justice, and three with posts under the authority of the supreme procurator. The seventh is the chairwoman of the Taiwan Democratic Self-Government League, a Taiwanese revolutionary who joined the Chinese Communist party in 1947 and has since served Peiping as a symbol of Taiwanese resistance to Nationalist China.

The "exposure" of these rightists has been accompanied by renewed insistence that all such persons must be purged from the party. The commentators have noted that, when action against known "rightists" has been taken, there will remain the large task of eradicating less well-defined rightist ideology and improving working methods throughout the party. As many as one in 20 of the party's 12,700,000 members--including two or three members of the central committee--may fall before Peiping's "rectification" campaign is completed.

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PEIPING PRESSES EXODUS FROM CITIES

Along with the current "rectification" campaign, which aims at simplifying government and party organizations and "purifying" cadres by making them share the "joys and sorrows" of the masses, the Chinese Communists have stepped up their efforts to reduce surplus urban population. More than a million persons have willingly or unwillingly joined the trek to the countryside, a fact which the official party paper says has "tremendous economic significance." The eventual total will be far higher.

Under Chinese Communist rule, the nation's cities have grown rapidly and most of the major ones have doubled or tripled in size. Moreover, the number of "nonproductive" urban dwellers--administrative and service personnel, dependents, and redundant laborers--is growing almost twice as fast as the number of "productive" workers. Leaders from Mao down have stressed the overriding need for austerity and pointed to the chronic overstaffing of offices and factories--which was normal in pre-Communist China and is still apparent to practically all visitors to Communist China--as a place where savings could and should be made. Peiping estimates that the load of "nonproductive" employees may be cut 30 to 50 percent in the present campaign. In addition, Peiping has decreed that some urban dependents as well as dependents of military officers will join the trek back to the countryside.

Once there, Peiping has indicated, some of the returnees will be absorbed in lower level party and government offices, the responsibilities of which have been slightly increased by the recent decentralization

regulations. Some will be taken in as officials at the collective farms, or in "cultural" positions such as "newspaper readers" or "study team leaders." Most of the returnees, however, will become ordinary agricultural laborers. Many are destined for hilly and other wasteland areas to reclaim marginal land. The countless small-scale, labor-intensive water conservancy projects will absorb still others.

The fact remains, though persistently obscured by the Peiping leadership, that labor is already overabundant in rural areas, and there is little likelihood that surplus urban labor can be more productively employed in rural areas. What Peiping doubtless finds attractive is that underemployment is less obvious and less costly in the countryside.

Peiping intends this to be a one-way traffic. It has just issued a seven-point directive designed to halt the annual "blind influx" of peasants into the cities which seems to have gotten under way earlier than usual this year. Checkpoints along major routes into the cities are to be established and "aimlessly wandering" peasants forced to return to their native villages. The regime has also issued regulations designed to make urban employment somewhat less attractive and has placed restrictions on the recruitment of labor in rural areas. Students and apprentices have been discouraged from entering the urban labor force, and the authorities have indicated that the gap between the rewards received for urban as against rural labor--now strongly in favor of urban workers--will be narrowed.

The net effect of all these moves will be to increase the

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economic pressures on an already heavily burdened and discontented peasantry. As a result, the troubles Peiping experienced in trying to absorb demobilized

soldiers into the rural economy will in all likelihood be multiplied.
(Prepared by ORR)

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PART III

PATTERNS AND PERSPECTIVES

EAST GERMAN SOVEREIGNTY AND EAST BERLIN

Soviet efforts to enhance East German prestige and foster the concept of two independent, sovereign German states involve potentially important consequences for the Western allies, who consider the USSR the only legitimate authority in East Germany. The concept of two sovereign states, if generally accepted, could undermine the basis for the occupation of Berlin by the four powers and give East Germany a stronger claim on the city. The USSR, since its unilateral grant of sovereignty to the East Germans in September 1955, has been trying to create a new legal situation by transferring more responsibility to the East Germans.

While Berlin is an important Western outpost deep inside the Communist world, threatening East German prestige and security, it is also extremely vulnerable to Communist pressures. Since the 1955 "sovereignty" grant, the Communists have attempted in a series of harassments to erode the Western position in Berlin and compel the Western powers and the Federal Republic to deal with the East Germans on a government level.

Postwar developments involving Berlin have demonstrated that the Soviet Union considers control of the city and access to it the immediate Communist objective in Germany. In pursuance of these objectives, the USSR engaged in the Berlin blockade in 1948 and 1949 and has impeded Allied access to the city in various ways since. While the West could be ousted from the city in short order if the USSR were willing to use force, the Kremlin has preferred since the blockade to use "legal" methods to whittle away the Allied position rather than risk

provoking a forceful Western reaction.

Communist Position on Berlin

The basic Communist position on Berlin, as expressed by the East Germans, is that the Western powers themselves broke the four-power agreements on Berlin long before the Soviet grant of sovereignty. The East Germans assert that the currency reform of 1948 divided Berlin politically, economically, and administratively. They charge that the West sabotaged the liquidation of Nazi and militaristic organizations called for under the Potsdam Agreement. The establishment of the Federal Republic and the formation of NATO are also cited as Allied violations of the Potsdam Agreement. Finally the Communists claim the Western powers prevented the dissolution of syndicates, trusts, cartels, and monopolies as required under the Potsdam Agreement, and in fact helped these organizations expand in Berlin and West Germany.

Both the Soviet Union and the East German regime have proclaimed that East Berlin is an integral part of East Germany, citing the "sovereignty" treaty of 1955 which provided that East Germany would "exercise guard control functions" along the zonal and sector borders and in Berlin. The eastern sector of the city has not been given a juridical status corresponding to that of other territorial and administrative units of East Germany, but the East Berlin government is completely controlled by the East German regime. Most East German government agencies, including ministries, parliament, and the Supreme Court, are located in East Berlin.

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Western Position on Berlin

Allied claims to the right of occupation and unimpeded access to Berlin, as well as Soviet claims, are based primarily on the fact that it was the capital of Nazi Germany. War-time agreements established the rights of the four powers to occupy Berlin jointly. On 12 September 1944, the United States, Great Britain, and the USSR concluded in London a protocol "on the zones of occupation in Germany and the administration of greater Berlin," which is the basis for the later division of the city between the occupying powers. The protocol also provided that the three commandants in Berlin would head an Interallied Governing Authority (Kommandatura) to direct jointly the occupation of the greater Berlin area.

French participation in the occupation was provided by the London agreement of July 1945. An agreement signed by the commanding generals of the four powers' armies in Germany on 7 July 1945 established the Allied Kommandatura in Berlin as the supreme agency for the administration of the city. The West rejects all claims that any part of Berlin is a part of the Soviet zone of Germany.

The Allied right of unrestricted access to Berlin is not spelled out in any document. It derives from a series of agreements on Germany implying the right of free access to the city, since there could be no four-power administration of Berlin if one power could limit the travel of representatives of the other three to the city.

Other agreements between President Truman and Stalin provided that field commanders would work out details to assure free access to Berlin by rail, highway, and air. Subsequently,

detailed agreements were made by military commanders, usually on an ad hoc basis, to meet specific problems and without clearly defining the over-all rights of the parties. In 1945 everyone considered Berlin to be a single, internationally administered area to which all the occupying powers had unrestricted access.

The Western Allies maintain that the Allied grant of sovereignty to West Germany in 1955 did not alter the special status of Berlin or the legal situation regarding access to the city. Handling of matters pertaining to Berlin is a power reserved to the wartime Allies.

The West Berlin constitution of 1950 describes Berlin as a "German state and at the same time a city." Thus its status is in some ways similar to that of Hamburg or Bremen. Berlin, however, has not been incorporated into the West German Federal Republic as an integral unit, nor is it likely to be in the near future. West Berlin is represented in the federal legislature by nonvoting observers. Several federal agencies have been established in West Berlin, however, and the municipal government recognizes the Karlsruhe Supreme Court as its highest court of appeal.

The Allies emphasized their policy of retaining Berlin's extraordinary position outside the Federal Republic and Western rights based on the special status of the city, when they approved the constitution with the reservation that "the provision of any West German law shall apply to Berlin only after it has been voted on by the house of representatives and passed as a Berlin law."

Municipal Duality

Transportation in Berlin is handled by two administrations

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--one in East and one in West Berlin. Separate bus transportation has been in operation in both parts of the city since July 1949. Streetcar service between them stopped in January 1953. Only the subway (U-Bahn) and elevated (S-Bahn) trains serve the whole city.

The S-Bahn system is directed by the East German government-owned railway system. It extends beyond the city limits into East Germany on both the eastern and western sides of Berlin, serving 125 stations, 74 of which are in West Berlin. East German transport police claim jurisdiction over S-Bahn facilities throughout the city and have from time to time asserted their authority in West Berlin stations. The U-Bahn is directed by the two municipal governments, each controlling that portion within its jurisdiction.

Gas, water, electric power, and telephone facilities operate independently in East and West Berlin. Both parts of the city, however, use a common sewer system which has most of the treatment plants in East Berlin.

Access to the West

Since West Berlin is a part of the West German Deutsche-mark currency area, it is fi-

nancially dependent on the Federal Republic. It is also dependent on West Germany for raw materials, food, and markets for its manufactured goods.

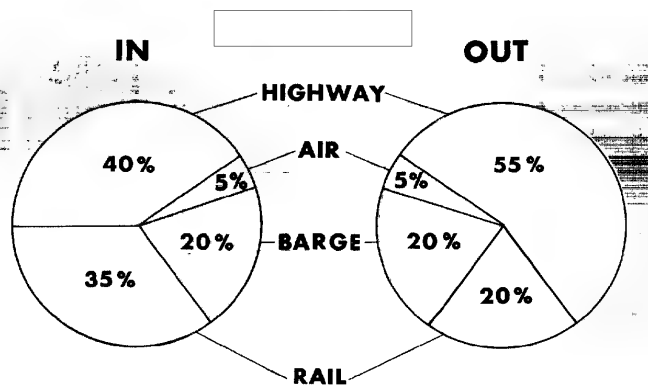
West Berlin depends on rail, highway, and barge traffic for the transport of the vast majority of its goods to West Germany, although there is some air freight traffic. As all movement must take place on certain designated routes crossing East German territory, they are highly vulnerable to Communist harassment.

The route from Helmstedt to Berlin is by far the most important, as it carries the greatest quantities of Berlin's truck traffic as well as Allied traffic. West German and West Berlin trucking firms serving Berlin are subject to East German road tolls raised to exorbitant levels in April 1955--imposed on the basis of weight and distance traveled.

All Allied freight and passenger trains use the Berlin-Helmstedt line as specified by an agreement with the USSR in June 1945. All rail facilities within East Germany are owned by the East German Reichsbahn, whose locomotives draw all trains operating in or through the country, even Allied military trains. Agreements be-

tween East and West German railway authorities govern the non-Allied traffic between the Federal Republic and West Berlin.

The problem of West German barge traffic was settled at the "technical" level in July 1956 through an agreement between the East and West German waterways authorities.

BERLIN FREIGHT TRAFFIC

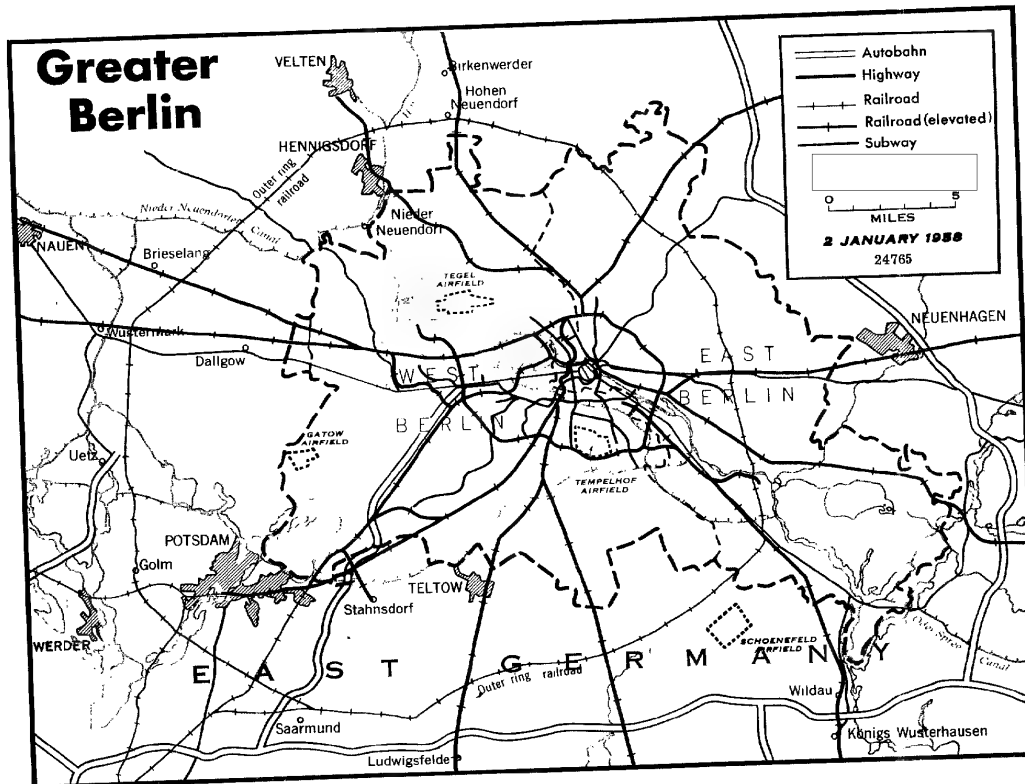
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Allied aircraft, military and commercial, use the three air corridors between West Germany and Berlin as established by American, British, and Soviet military commands in June 1945. A quadripartite Berlin Air Safety Center, established to coordinate flight plans in the interests of safety, is one of the few four-power agencies still operating.

Air transport to Berlin is important as a means of carrying politically sensitive persons, such as East German refugees fleeing to the West. It is also used to ship materials which the Communists will not permit to be carried by surface transport.

Recognition for East Germany

The September 1955 "sovereignty" treaty and the accompanying letters exchanged by Soviet Deputy Foreign Minister

Valerian Zorin and East German Foreign Minister Lothar Bolz constituted the most serious challenge to the Western position in Berlin since the 1948-49 blockade. This agreement purported to give East Germany control of all its borders and of communications between Berlin and the Federal Republic. It also empowered the East Germans to negotiate all related problems with the West German government whether they involved West German or other citizens, except Allied troops and their supplies. Control over Allied military movements between Berlin and the Federal Republic, under the treaty, was to be retained by the USSR "temporarily, until an appropriate agreement is concluded."

The USSR by the end of October 1955 had withdrawn its control personnel from the zonal border and from all highway checkpoints except those on the

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Berlin-Helmstedt autobahn used by the Allies. Soviet personnel were also retained at the Marienborn rail checkpoint, through which passes all Allied rail traffic between the Federal Republic and Berlin.

During a series of incidents in November and December 1955, both Russian and East German officials repeatedly claimed that Berlin's quadripartite status had been terminated. East Berlin, they said, was now a part of East Germany and therefore Allied nationals in the East sector were subject to East German law. The most serious incident occurred in late November involving two American congressmen who were detained by police in East Berlin because their automobile carried a radio transmitter, in violation of East German law.

The incident was clearly an attempt to test Western reactions and coerce American officials into dealing directly and officially with East German authorities. The congressmen were released on Soviet orders, and Soviet embassy officials stated that the USSR fully intended to continue to respect Allied rights in East Berlin and that they had no intention of abrogating any four-power agreements relating to Berlin. Statements by Soviet and East German officials in December indicated that the USSR did not intend at that time to challenge Western rights, although it had two op-

portunities to assert jurisdiction over Allied nationals who had clearly violated laws in East Berlin.

Presaging a prolonged dispute over documentation procedures, Soviet authorities notified Western officials in October 1955 that henceforth Allied civilians traveling in or through East Germany must carry passports and visas instead of a Soviet pass, with a view to handing over to the East Germans responsibility for nonmilitary personnel. Shortly thereafter,

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a Russian official in Berlin stated that there was no four-power agreement for the movement of civilian members of Allied staffs to Berlin.

The Russians contend that they are responsible only for the movement of Allied military personnel belonging to the Berlin garrisons and their dependents and that all other Allied nationals should obtain East German documentation and East German permission to travel to Berlin. Requests for Soviet visas for trips inside East Germany have in many cases been met by statements that issuance of such permits is now an East German rather than a Soviet prerogative. The Russians have offered to transmit visa requests to the appropriate East German officials for action, but have at the same time continued to issue visas to a few private citizens.

Allied authorities maintain they have the right to issue Berlin travel orders to anyone they please, and many Allied nationals traveling to Berlin go there on leave or for purposes having no direct connection with the occupation of the city. The Russians are especially concerned with reducing travel of this category.

Allied personnel traveling between West Germany and Berlin carry Russian translations of travel orders issued by one of the Allied commanders in Germany or one of the ambassadors. The Russians have complained many times that persons traveling on such authority do not necessarily have a connection with the military occupation of Berlin, and therefore have no right to go there.

If the Russians should succeed in compelling all but personnel attached to the Berlin garrisons to obtain East German permission for the trip, it would be an important step

toward the de facto recognition of East German sovereignty. An agreement was reached between East German officials and Soviet Deputy Foreign Minister Zorin on 25-28 November to transfer to East Germany visa authority over Allied nationals. A narrow definition of the term "troop personnel" as used in this agreement could be used in new efforts to compel Allied civilian officials traveling between the Federal Republic and West Berlin to accept documentation and processing by East German rather than Russian officials.

Two Germanies Concept

General acceptance of the concept of two sovereign independent German states would not only have serious and far-reaching consequences for the Western Allies' situation in Berlin, but would also radically alter the reunification problem. In addition to placing the East German regime on a par with the Federal Republic, it would strengthen the Communist position that German reunification can be achieved only through a loose German confederation which would then work out the conditions for complete unification without Allied intervention.

East German Air Sovereignty

The East German regime has been persistent in its efforts to establish its sovereignty over its air space. Existence of the corridors between the Federal Republic and Berlin used by the three Western powers is regarded by the East Germans as a limitation on their independence, even though the "sovereignty" treaty of September 1955 specifically states that this is not the case. They have several times invoked this "sovereignty" grant, claiming that it terminated the 1945 agreement on Allied use of the air corridors and gave East Germany complete control of the air space over its territory.

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The Russians in late 1957 refused three American requests for clearance to make courier flights between Berlin and Warsaw, on the grounds that permission for such overflights of East German territory can only be granted by East German officials. Western clearance has been sought for East German flights in the corridors in order to establish a precedent permitting the East Germans a voice in controlling flights in the corridors.

The Russians reportedly are considering giving the East Germans full control over all air traffic within the Soviet zone, including traffic in the air corridors. Articles in East German periodicals stress that the East German government's consent to Allied flights to Berlin under Soviet control is "temporary and of limited duration." East Germany has urged the Western powers to contact the competent East German authorities for the purpose of creating "legally clear" conditions for their flights over East German territory.

The East German regime reportedly plans officially to assert its sovereignty over flights of the three Western commercial air lines operating to Berlin, probably claiming that only Allied military aircraft are covered by the existing four-power agreements on use of the corridors.

The Allied position on commercial traffic is that the original 1945 agreement on Berlin air access covered by implication the right to fly both military and commercial aircraft to the city. Although this point was not specifically mentioned, the 1945 agreement was understood by all parties to include commercial traffic, and airlines of the three Western powers have been flying to Berlin since the early days of the occupation. Commercial air

traffic has thus been sanctioned by usage and has not been seriously challenged by the Communists.

Harassment of Germans

Considerable harassment in recent weeks has been directed against Germans. Since the 13 October currency conversion, controls on the Berlin sector borders have been sharply tightened to curtail movement of Berliners between the sectors and reduce currency and goods smuggling.

The East German government has also resorted to blackmail against West Berlin and West German firms supplying materials to organizations engaged in anti-Communist propaganda activities. Shipments belonging to publishing companies and manufacturers of hydrogen used in propaganda balloons have been seized on several occasions. The owners were warned that unless they ceased printing material unfriendly to East Germany or selling hydrogen to certain organizations, all future shipments would be detained or confiscated. Suppliers of paper and ink have been subjected to especially heavy pressures to halt deliveries to companies engaged in work for anti-Communist organizations.

In a move aimed at hardening the division between East and West Germany and making the zonal border into an international boundary, as well as curbing the refugee flow to the West, East Germany passed legislation on 12 December making flight, or aiding and abetting flight, from East Germany a criminal act punishable by a prison sentence. Passports are to be required for trips to West Germany, placing the Federal Republic in a category with foreign states. The law was described as necessary to protect East German citizens from the perils of visiting the

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Federal Republic. A week later the East Berlin city government announced it had adopted the new law. The full effect of the law will not be felt until the regime takes steps to enforce it.

Faced with threats of increasingly harsh domestic policies, East Germans continued to flee to the West at an abnormally high rate during the latter part of 1957. This refugee flow represents a serious manpower loss which the East German regime is anxious to curtail, as it is faced with critical labor shortages. The regime probably considered the new law a necessary step in tightening controls before introducing planned norm increases, wage cuts, and increased pressures for more rapid collectivization and socialization.

Harassment of Allies

Serious and prolonged harassment of the Allies began in November 1956 when Soviet officials asserted the right to enforce whatever control procedures they saw fit to apply to Allied Berlin travel and to specify the types and scope of documentation to be used. They went so far as to turn back American military convoys on several occasions when the commanders refused to submit to Soviet requirements. The Russians demanded that Berlin travel be limited to members of the staffs of the Berlin commandants and personnel of the garrisons and their families. The USSR's actions to enforce its demands have been inconsistent thus far.

Some incidents were ascribed by the Russians to the fact that many civilians, especially Americans, did not have status-of-forces stamps in their passports, which, the Russians claimed, indicated they had no connection with the military occupation of Berlin. The Russians also complained that lack of uniform documenta-

tion used by the Allies resulted in confusion which could be minimized by adopting uniform procedures and reducing the number of offices and persons authorized to issue travel orders.

While maintaining that the competence of Soviet officials is limited to determining that a traveler carries orders issued by competent authority, the Allies agreed to work out a more uniform documentation system. New documentation procedures were put into effect on 2 December 1957, the Allies having made some minor concessions.

Within a week after the inauguration of the new system of documentation, however, the USSR resumed its complaints regarding Allied procedures for Berlin travel. The Soviet deputy commandant in Berlin questioned the Allies' right to attach West German mail cars to their military trains, and on 13 December he stated that these cars henceforth would not be cleared for transit through East Germany. Despite this threat, trains carrying them have continued to move without incident. The Allies have pointed out that German mail cars have been hauled by Allied military trains since December 1945 and that this practice is sanctioned both by usage and four-power agreements. The Russians are also complaining about the "careless and inexact preparation of travel orders."

Prospects

Western removal from Berlin is a prerequisite to consolidating the Communist position in East Germany. The Communists will never feel secure as long as this Western stronghold exists within the Communist world. Although the East Germans have frequently claimed that East Berlin is a part of East Germany--the 1949 constitution states that Berlin is its capital--the regime has not

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dared legally to integrate it into the "German Democratic Republic." On a few occasions, the Communists have claimed the entire city.

If the East Germans should successfully extend their present de facto control over East Berlin to de jure status, they would probably attempt to apply the same restrictions now existing on Western travel in East Germany to East Berlin. They would also place the same controls on the Berlin sector borders that are now in effect on the zonal borders. If the Allies should acquiesce in Communist action barring them from East Berlin, they might open the way to a Communist move to take over the entire city.

East Germany has no more legal claim to East Berlin than it does to West Berlin. The entire city, under four-power agreements, is under quadripartite control, with all the four powers as well as all Berliners having freedom of movement throughout the city.

Allied protests over such violations of agreements on Berlin would be directed to Soviet authorities. Any dealings directly with East German officials would be construed as at least de facto recognition of East Germany. Rather than suddenly annexing East Berlin, the Communists will probably continue gradually to erode the Allied position in Berlin, avoiding major dramatic actions which would be likely to provoke strong reactions, but never completely relaxing their pressures. They will continue to probe for weak spots and will take advantage of any sign of weakness, indecision, or disunity among the Western Allies in their approach to Berlin or East German problems.

They will continue to harass Allied travel to Berlin, and will probably attempt to squeeze the Germans more and more, taking advantage of the Federal Republic's demonstrated reluctance to take any retaliatory actions against the East German government.

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THE SOVIET BLOC CIVIL DEFENSE PROGRAM

The USSR has an active and extensive civil defense system. In 1949, after a postwar lull, steps were taken to improve the civil defense organization, to build bomb-resistant structures, and to increase training. A definite acceleration in Soviet civil defense has occurred since 1954, accompanied by increased publicity and emphasis on defense against nuclear weapons.

Civil defense in the USSR is the responsibility of the Main Administration of Local Antiair Defense (GUMPVO), an arm of the Ministry of Internal Affairs (MVD). Under GUMPVO is a body of civil defense staff officers who are assigned to posts at all levels of government and in many major economic enterprises where they supervise civil defense preparations.

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The Soviet system provides specialized training for civil defense personnel and survival training for the general population. A school for civil defense staff officers is operated in Leningrad. GUMPO maintains a central scientific laboratory and a medical research installation.

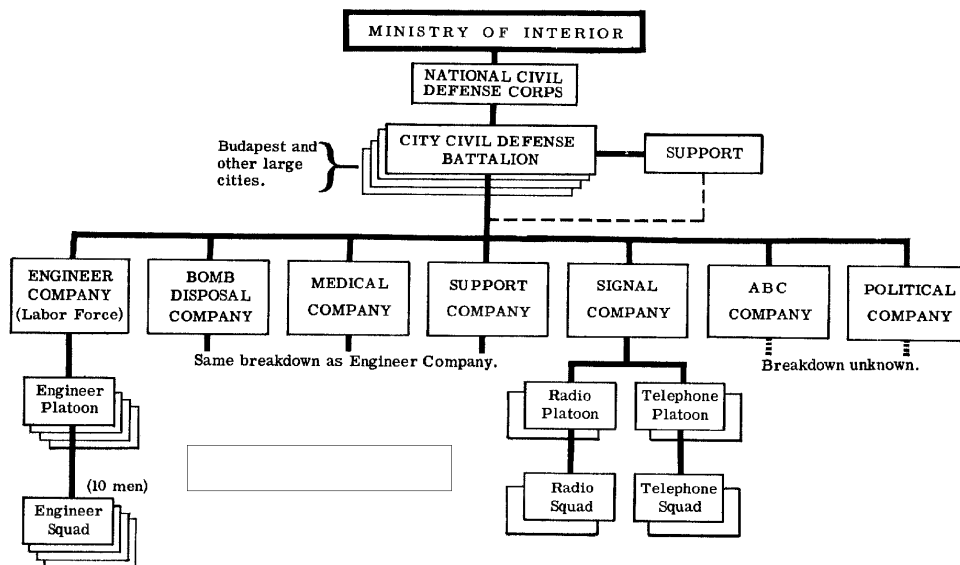
The Voluntary Society for Cooperation with the Army, Air Force, and Navy (DOSAAF) is the organization charged with giving civil defense training to the general population. DOSAAF units are formed in factories, institutions, offices, collective and state farms, machine tractor stations, schools, and dwelling units. Its membership is estimated at about thirty million at the present time. Most of its members probably have to take civil defense training courses. Completion of the initial atomic defense training program for the Soviet population was announced in 1957.

Although it is doubtful that all citizens have been indoctrinated under the program, training has probably been widespread in DOSAAF, in the Communist party, and in key in-

dustries. To supplement the earlier air and chemical defense course, and the atomic defense course, every citizen of the USSR over 16 years of age is now to receive 22 hours of instruction in a new course in air defense, including atomic, bacteriological and chemical (ABC) defense. Such training is to be completed in large cities by mid-1958 and in the remaining cities and villages by the end of 1958.

First-aid training is conducted by the Red Cross and Red Crescent Societies. Members of these societies would be used extensively as auxiliary personnel for medical organizations which have civil defense roles.

It is believed that training of operational units at the city or area level is now in progress. Civil defense paramilitary "battalions" have appeared in three European satellites, and civil defense preparations in these countries follow a common pattern under the leadership of the USSR. At least some of the officers of such units were trained in Leningrad.

HUNGARY—ORGANIZATION OF SPECIAL CIVIL DEFENSE BATTALIONS

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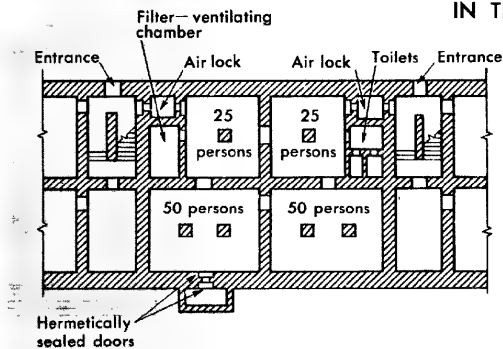
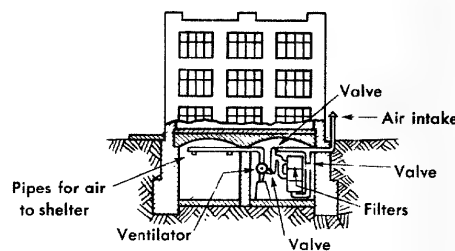
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SKETCHES OF APARTMENT HOUSE AIR-RAID SHELTERS**IN THE USSR**

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**FLOOR PLAN****VENTILATING SYSTEM**

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Civil defense officials in the USSR have on hand some emergency supplies; the European satellites have been accumulating such supplies for several years. The exact level of these supplies is unknown, but there is apparently more than is necessary for training.

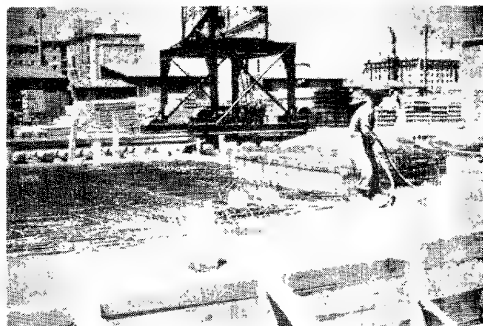
The Shelter Program

By 1949 the USSR had initiated a program to include reinforced basement shelters in the construction of new public buildings, factories, schools, and apartment dwellings.

shelters in new buildings is a standard practice. Many of these reports described basement shelters as having sufficient strength to withstand the complete collapse of buildings. The shelters, designed to be gasproof, are fitted with hermetically sealed double doors. They are constructed to utilize filter ventilating systems, but most reports do not indicate actual installation, possibly because such systems were to be installed by Soviet workers or because installation was deferred to a later date.

The construction of such shelters is continuing and the population has been advised that they are satisfactory protection against atomic weapons. Reports from satellite nations

the inclusion of air raid

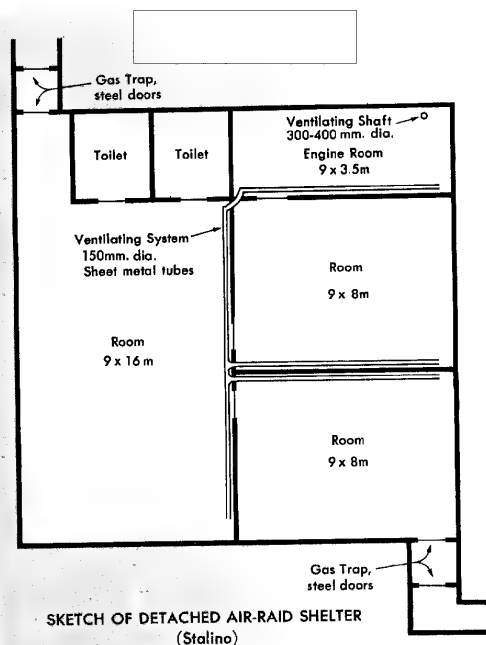


ROOF OF BASEMENT BOMB SHELTER SHOWING REINFORCEMENT, CONCRETE POURED, AND VIBRATOR USED. (CZECHOSLOVAKIA)

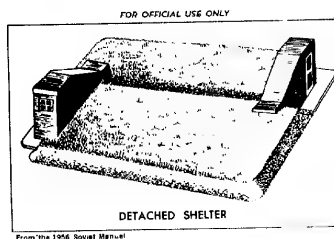
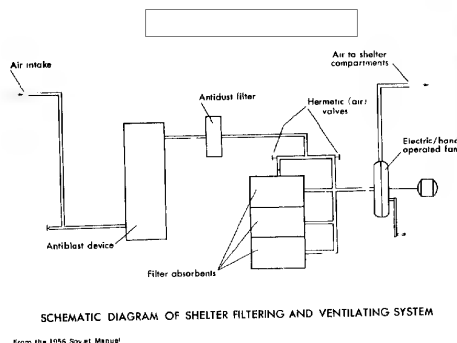


COMPARTMENTIZED BASEMENT AIR-RAID SHELTER (KIEV, USSR)

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also indicate that for several years the provision of basement air raid shelters in new government buildings and state-owned apartment houses has been mandatory.

Detached shelters, of strength and design comparable to basement air raid shelters, have been built in the USSR. These have two entrances and are covered with about one meter of earth.

The precise extent of the Soviet shelter program is unknown. It is believed that most state-owned housing of masonry construction built since 1951 has included some provision for a shelter area. Assuming all such housing has included shelters, this program could now afford some protection to about one sixth of the urban population and this fraction could rise to about one third by the end of 1960. In addition, there are shelters in factories and public buildings, but no estimate of their capacity is available.

A 1956 Soviet publication, as well as information on shelter-building activities in the European satellites, indicates that heavier bunkers and



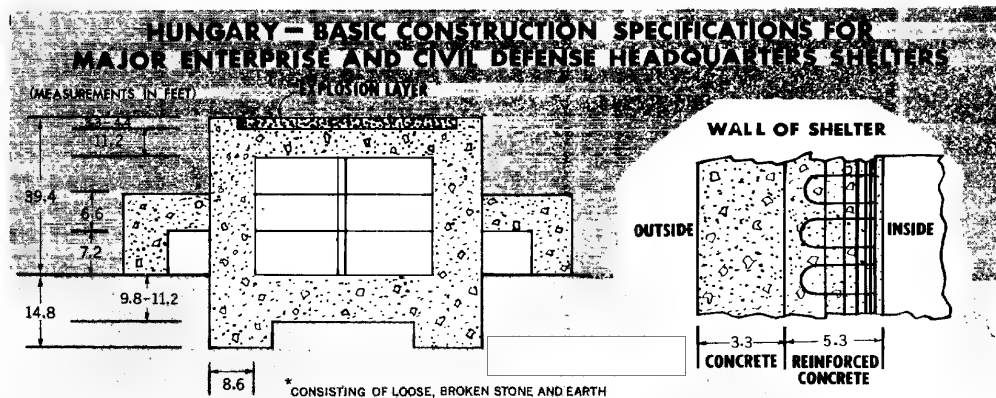
ENTRANCE TO A REPORTED AIR-RAID SHELTER
(BRNO, CZECHOSLOVAKIA)

hillside tunnel shelters have been designed. The strength of these structures varies, but specifications have been reported for new bunkers able to resist pressure as high as 65 pounds per square inch. Some Soviet bloc bunkers have been reported

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furnished with medical supplies, tools, foods, auxiliary power generators, and communications installations. The installations are generally constructed at factories and enterprises of military importance and in proximity to party and government offices or to transport and communications centers.

In addition, some protected control centers have been prepared outside urban areas. For example, there are several confirmed locations of underground facilities near Sofia which are reportedly designated for the use of the Bulgarian government in an emergency. Inasmuch as the satellite civil defense preparations follow the Soviet model, it is believed that the Kremlin has already constructed or is now providing similar installations in the USSR to protect essential elements of the party and government, the transportation and communications network, and workers in vital industries. The same general type of protection is probably being afforded civil defense headquarters, important telecommunications terminal facilities, and some broadcasting installations.

Information received during 1957 confirms the emphasis on civil defense preparations as well as the readjustments toward the nuclear concept of air defense.

new extensions of the Moscow subway continue to be built at a great depth, for no apparent reason other than possible use for civil defense. New manuals, film, and television broadcasts on nuclear civil defense subjects appeared in the USSR during 1957.

the concept of evacuation of cities for nuclear defense has not been mentioned in Soviet publications. The population is advised to seek locally available shelter in the event of air attacks. Soviet civil defense publications advise construction of field-type shelters upon declaration of a "threatening situation" in the event formal shelter is not available.

(Prepared by ORR; concurred in by OSI)

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DEVELOPMENTS IN THE BELGIAN CONGO

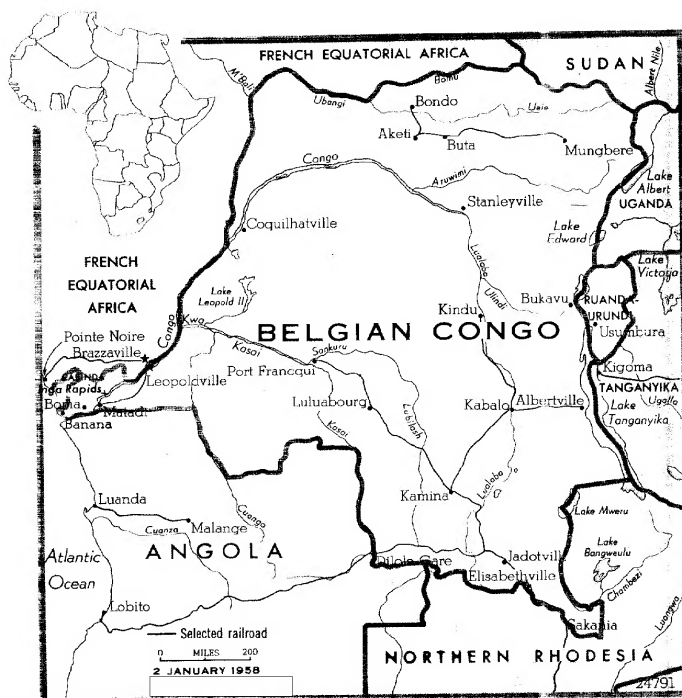
Faced with the development of African nationalism in the Belgian Congo, Brussels is attempting to readjust its colonial policies to permit greater African participation. However, the 100,000 Europeans and 12,000,000 Africans in the Congo still have no effective political voice and all significant decisions are made by Brussels through its governor general. The government's decision to go ahead with plans for a huge hydroelectric project--ten times larger than Grand Coulee--shows Brussels' confidence in its ability to handle the intensified nationalism bound to accompany industrialization.

Inga Hydroelectric Project

The \$3 billion project for the development of the hydroelectric potential of the Congo River at its Inga rapids about 100 miles from the Atlantic was approved by Brussels on 13 November. Its final power capacity is estimated at about 25,000,000 kilowatts; however, the first part of the project, costing about \$750,000,000, will produce only 1,570,000 kilowatts. Construction is expected to begin in 1959 and electricity to be produced by 1964.

The bulk of initial capital, according to the Belgian minister of colonies, is already committed, and additional international funds will be needed later. In view of Belgian sensitivity to foreign interests in the Congo, any international investment will probably be closely controlled.

Aside from the problem of financing, Belgium faces economic difficulties before the vast potential of Inga can be realized. The Congo's economy is based almost entirely on exporting primary commodities such as copper, tin, manganese, and diamonds along with cotton, palm products, and rubber. The small industrial development is confined to processing consumer goods and refining copper,



and growth is handicapped by the area's lack of transportation facilities and by a shortage of labor.

Belgium has emphasized training of the Africans in economic fields and has developed a sizable cadre of unskilled and semiskilled workers, but neither the labor force nor the trained technicians needed to construct the Inga project or to operate the industries contemplated by the Belgians could be supplied in the near future. Brussels hopes to develop a Congo industrial complex,

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including nearby areas in French Equatorial Africa and Angola, for such large-scale electricity-consuming industries as aluminum, cellulose, chemical, plastics, and isotopic separation.

An additional problem is the port-transport situation at the mouth of the Congo River, where there are no facilities to handle ocean-going ships carrying large power equipment. The present port at Matadi is on the wrong side of the river for the proposed industrial site and has an inadequate depth.

African Nationalism in the Congo

Since the Inga development would revolutionize the economy of the Congo and speed up the pace of African urbanization, it would give a powerful stimulus to African nationalism. Until 1956, this colony was almost untouched by the nationalism and antiwhite sentiment present in nearby African countries. Belgium ruled directly through a governor general and granted local political rights neither to the Europeans nor to the Africans. Nevertheless, the official policy of encouraging African economic development and the emergence of a Westernized, urban, African middle class, the evulees, carried the seeds of nationalism. These evulees, mostly grouped in Leopoldville, became aware of African political advance in Brazzaville, French Equatorial Africa, across the Congo River. By late 1956, acting through a tribal cultural organization, the evulees demanded a schedule of Congo independence, greater African participation in the government, and elimination of a discriminatory color bar.

The Africans have largely bypassed the local Belgian administration, which is conservative and responsive to settler apprehensions, and have appealed directly to Brussels, which is more responsive to their aspira-

tions. As a result, Belgium has announced plans to create municipal government with native representation, to introduce improved social security and wage legislation, to extend labor union rights to many Congolese workers, and to remove the social restrictions for African urban dwellers.

The extent of African nationalism and the depth of interracial tension were shown in June 1957 when violence erupted following a football match in Leopoldville. Africans attacked European cars, producing a sharp reaction from the local administration and settlers. The government declared a state of semiemergency at Leopoldville, and the police exercised stringent security precautions for several weeks. Many settlers panicked, discharged Congolese servants, bought arms, and talked of a Mau Mau type of terrorism in the Belgian Congo. While these incidents were limited to Leopoldville, the governor general was nevertheless so alarmed that in August he suppressed two African newspapers, one of which had on occasion challenged the Belgian position in the Congo.

Belgian Relations With the Congo

These political and economic changes have shaken Belgium's complacency over the future of its colony, and there is a general feeling that previous timetables for the political evolution of the Congo are out of date. Nevertheless, the response of the minister of colonies has been slow and exceedingly cautious. While "elections" to pick municipal councilors were held for the first time in the Congo in December, Belgian control has been assured through the powers of the appointed burgomasters, the overrepresentation of the European population, and a franchise which excludes most of the African population.

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Brussels faces both political and economic problems in its efforts to keep ahead of the tide of African nationalism. Conservative elements in Belgian political life traditionally have controlled the Ministry of Colonies, which--except for the annual budget debate--is not subject to effective Belgian parliamentary intervention. While the Socialists, who now head the governing coalition, seem anxious for reform, they hesitate to challenge the conservative minister of colonies --a Liberal--for fear of bringing down the government.

Economic Ties

It is estimated that about one half of the \$2 billion investment in the Congo was supplied directly by Belgium, and much of the remainder which comes from local savings was generated by previous Belgian investments. Although the Bel-

gian percentage of investment has decreased since 1948 as the Congo's economy and internal savings have developed, Belgium has remained the Congo's leading trade partner--accounting for approximately 35 percent of its exports and imports. Congo exports, moreover, are the foundation of important Belgian industries, and, during World War II and the years immediately thereafter, the Congo's dollar earnings were an important factor in Belgium's economic recovery.

This close economic relationship has been a conservative influence on Belgian thinking toward the Congo in the past and will no doubt be so in the future. Many Belgians now believe they have a maximum of two decades to work toward an eventual federal Belgian-Congo state with a common ruler, or to develop some other suitable permanent relationship.

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